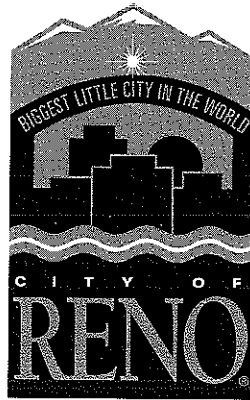


**Parks, Recreation &  
Community Services**



September 29, 2008

Mike Ginsburg  
Sierra Nevada Community Aquatics  
71 Washington St.  
Reno, NV 89503

*Mike*

Dear Mr. Ginsburg:

I am pleased to provide you with the attached copy of the Letter of Intent from City of Reno to Sierra Nevada Community Aquatics, Inc., which has been signed by Charles McNeely, City Manager.

I look forward to meeting with you again in the near future. Thank you.

Best regards,

A large, stylized handwritten signature in black ink, which appears to read "Julee Conway". The signature is written over the printed name and title.

Julee M. Conway, Director  
Parks, Recreation and Community Services

**Letter of Intent**  
**from City of Reno to Sierra Nevada Community Aquatics, Inc.**

August 22, 2008

Mike Ginsburg, President  
Sierra Nevada Community Aquatics, Inc.  
71 Washington Street  
Reno, NV 89503

Dear Mr. Ginsburg,

Thank you for your letter of June 11, 2008, to Julee Conway, Director, Reno Parks, Recreation & Community Services (PRCS), outlining Sierra Nevada Community Aquatics' (SNCA) interest in collaborating with the City of Reno to build an aquatics facility on City owned-land bordering Moana Lane (the "Site"). Subsequent discussions between City Staff and SNCA have shown that there is substantial interest on both sides in pursuing this possible recreation opportunity.

SNCA has expressed its belief that it can raise sufficient grants, donations and other funding to support this project, but that it requires a long term lease, Development Agreement, or other binding agreement with the City to obtain the required commitments. Staff has indicated its belief that preliminary planning, financial analysis and coordination with other user groups is required before it can recommend such a long term agreement, and has requested financial and in-kind support from SNCA to achieve these interim goals. SNCA has indicated that it requires, at a minimum, an Exclusive Negotiating Agreement (ENA), to be able to raise such interim funds.

Staff believes that, in addition to other legal and practical considerations that may arise, the following points will need to be addressed by Staff and SNCA:

1. The parties will address the length and terms of the Exclusive Negotiating Agreement. SNCA will cooperate with the City in preparing appropriate documentation resulting from the negotiations contemplated hereby.
2. The Redevelopment Agency of Reno ("Agency") has indicated there may be redevelopment opportunities associated with the Site. The parties agree to consider whether and how the Agency may be a participant in development of the Site and/or a party to the ENA and/or Development Agreement.

3. PRCS is engaged in discussions with multiple user groups who currently jointly use the Site to determine what uses will be made of the non-aquatic use portions of the Site. Once that determination is made, PRCS intends to engage professional recreation consultants to provide site planning, preliminary facility planning, and feasibility analysis. SNCA desires to assist in this process by providing in-kind services and financial assistance consistent with its good faith best efforts. The parties agree to consider how site planning and feasibility analysis can be accomplished.

4. Currently, SNCA is interested in a long-term lease and desires to maintain and operate the aquatics facility in some collaborative manner with the City. PRCS is interested in ensuring open and affordable public access, long term capital maintenance, and maximum operational self sustainability of any resulting facility. The parties will work toward developing necessary agreements ancillary to the contemplated Development Agreement to meet their respective needs with these concepts in mind.

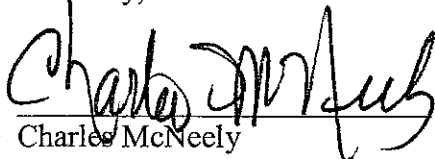
5. The parties contemplate the possibility that a portion of the Site could be commercially developed to provide a source of revenue to support recreational development of the Site. The parties will pursue how such development might proceed and how revenue from the development would be utilized.

6. SNCA has unique perspective and information relevant to the planning of the Site and agrees to participate in meetings with City staff, to testify or provide updates when requested at City Council meetings and to provide non-privileged statistics, information and guidance to the City or the City's Consultants as requested from time to time.

7. SNCA will work with the City to identify and pursue additional sources of funding or assistance.

The Reno City Council, at its meeting on September 24, 2008, has authorized this Letter of Intent to direct Staff to enter into negotiations toward an Exclusive Negotiating Agreement. This Letter is not intended to create or constitute a legally binding obligation on either party to ultimately enter into an agreement. Until a formal agreement is entered, either party may discontinue negotiations upon notice to the other party. Please indicate SNCA's willingness to move forward along the lines outlined herein by having a duly authorized representative sign and return the enclosed copy of this letter.

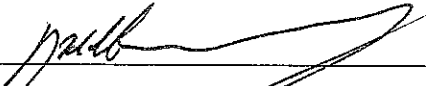
Sincerely,

  
Charles McNeely  
City Manager

**ACCEPTANCE**

Sierra Nevada Community Aquatics, Inc., a Nevada nonprofit corporation, agrees to the forgoing Letter of Intent.

**SIERRA NEVADA COMMUNITY AQUATICS, INC.**

By 

Print Name MICHAEL GINSBURG

Print Title PRESIDENT

Attachment: June 11, 2008 SCNA Letter

**Board of Directors**

**Lance Bohlman**  
Doctor of Chiropractic

**Barry Breslow**  
Attorney at Law

**Michele Casey**  
Washoe Securities

**Michael Ginsburg**  
Sierra Pacific Power Co.

**Margie Hemphill**  
Little One's Swim

**Chip Hobson**  
RLH Management, Inc.

**Dan Meyer**

**Trish Reviglio**

**Lash Turville**  
John Darnody Ventures

**Matt Turville**  
Hella Power

**Rich Wait**  
Certified Public Accountant

**Advisory Members**

**Wendy Alderman**

**Ron Cobb**  
Commercial Partners of Nevada

**Greg & Lisa Carano**  
El Dorado Hotel & Casino

**Norm Dianda**  
Q & D Construction

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Dickson Realty

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BGG Architecture & Engineering

**Rick Goebel**  
North American Embroidery

**Nello Gonsfanti**  
Specialty Financial

**Kim Gross**

**Jennifer Hemphill**  
Little One's Swim

**Dave Hoover**  
Reno Aquatics

**Bill Hughes**  
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**Mark Knobel**  
Attorney at Law

**Stephanie Lepori**  
Silver Legacy Resort & Casino

**Stephanie Lerude**

**Karl Matzoll**  
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**Ed McCaffery**  
McCaffery Fine Homes

**Dan Peters**

**Rick Reviglio**  
Western Nevada Supply

**Len Savage**

**Blake Smith**  
Commerce Development Company

**Ralph Smith**  
Valley Construction Company

**Ted Stoeber, Jr.**  
Jason Loose Pools & Spas

**Bruce Thee**  
Certified Public Accountant

**Rick Trachok**  
Attorney at Law

**Casey Turville**  
Shoreline Villas

**Bill Ware**  
Great Basin Adventure Park

**SIERRA NEVADA**  
**COMMUNITY AQUATICS**  
THE WAVE OF THE FUTURE

*A Nevada non-profit corporation.*

June 11, 2008

Julee M. Conway, Director  
City of Reno  
Parks, Recreation & Community Services  
190 E. Liberty Street  
Reno, NV 89501

**Re: Preliminary Proposal for New Aquatics Center**

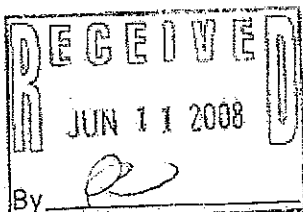
Dear Julee:

I write this letter on behalf of Sierra Nevada Community Aquatics, Inc. ("SNCA") a Nevada non-profit corporation whose mission is to develop a multi-use aquatic center for the residents of the Truckee Meadows. As we have discussed with you (as well as with other representatives of the City and community at large), SNCA came together approximately six months ago for the sole purpose of assisting this community with the design, funding, construction and operation of a new state-of-the-art pool complex to fill the desperate need in Washoe County for such a facility.

Our first choice is to enter into a public-private collaboration with the City of Reno by developing the new aquatic center on City-owned land on Moana somewhere within the 22 acre +/- parcel bordered by Grant, Baker and Moana (see enclosure number 1, where the yellow borders are the City's land). Our preliminary design for the pool complex envisions a building footprint of approximately 100,000 square feet, and calls for roughly five acres of associated parking and landscape. As to the remainder of the 22-acre parcel, SNCA has developed an overall conceptual site plan incorporating our vision within the limits of the parcel.

The current design of the aquatic facility contemplates an Olympic-size competition pool with a dive-well/kayak practice/scuba-certification/water polo pool; an instructional/ rehabilitative/practice and exercise pool; and a children's play pool complete with exciting movable water features (see enclosure number 2). The complex would utilize the available geothermal energy on the site so as to reduce energy use and costs of operation, and be designed in an environmentally friendly way. We also anticipate further collaboration with the University of Nevada to insure that the design would meet both NCAA requirements now existing, and the anticipated needs of the University in the future, in the event that it would like access to the aquatic facility for its student athletes.

71 Washington Street, Reno, Nevada 89503 Telephone (775) 329-3151 Fax (775) 329-7941





Julee Conway  
June 11, 2008  
Page 2

Once preliminary City Council approval of our concept is given, we intend to immediately enter into a Letter of Intent/Memorandum of Understanding with the City, and then negotiate a realistic, mutually beneficial Disposition Development Agreement ("DDA") to govern the parties' rights and obligations going forward. A keystone of the anticipated DDA would be the City's conveyance of the 7+- acres on Moana to SNCA needed for the facility at no cost or, alternatively, the granting of a long term lease at a nominal sum to SNCA, in the event that the current statutory scheme under Nevada law does not allow for outright conveyances. In this regard, it is our understanding that, provided SNCA maintains its non-profit status and is performing a quasi-governmental function, long term leases at nominal sums, like that proposed, remain lawful. Our application to the IRS for tax exempt status pursuant to code section 501(c)3 is pending, and we anticipate no unreasonable delay in achieving that status later this year.

SNCA is currently involved in Phase I of its fundraising efforts, and is well on its way to achieving its first benchmark of \$150,000.00 to pay for the anticipated expense of preliminary design drawings and engineering analysis. Once a DDA is entered into with the City, SNCA will immediately begin its aggressive goal of raising the low eight figure amount necessary to complete the design, and fully construct, an aquatic facility this community can be proud of for the next 50 years. Our goal is to complete fundraising, design and construction so that the facility is operational July 4, 2011. The DDA, however, would provide sufficient contingencies such that SNCA would not be deemed in default of its obligations (with the resulting forfeit of its grants thereunder) if the facility was operational no later than July 4, 2013.

SNCA contemplates further collaboration with the City of Reno on the operation and ongoing maintenance of the facility. The approach which best reflects our respective strengths has yet to be determined. However, the current thought is that the facility remains owned by SNCA, and is not contributed to the City of Reno.

We recognize that this community has substantial park, recreational and athletic facility needs. Nevertheless, with all due respect to those who engage in other pastimes, we believe that an aquatic center would influence more lives in a positive way - whether it be through swim competition, health related aquatics, fitness programs, sport or hobbyists - than any other community-based facility currently being contemplated. We very much would appreciate the support of the City, the County, other interested stakeholders and the community at large in our endeavor.

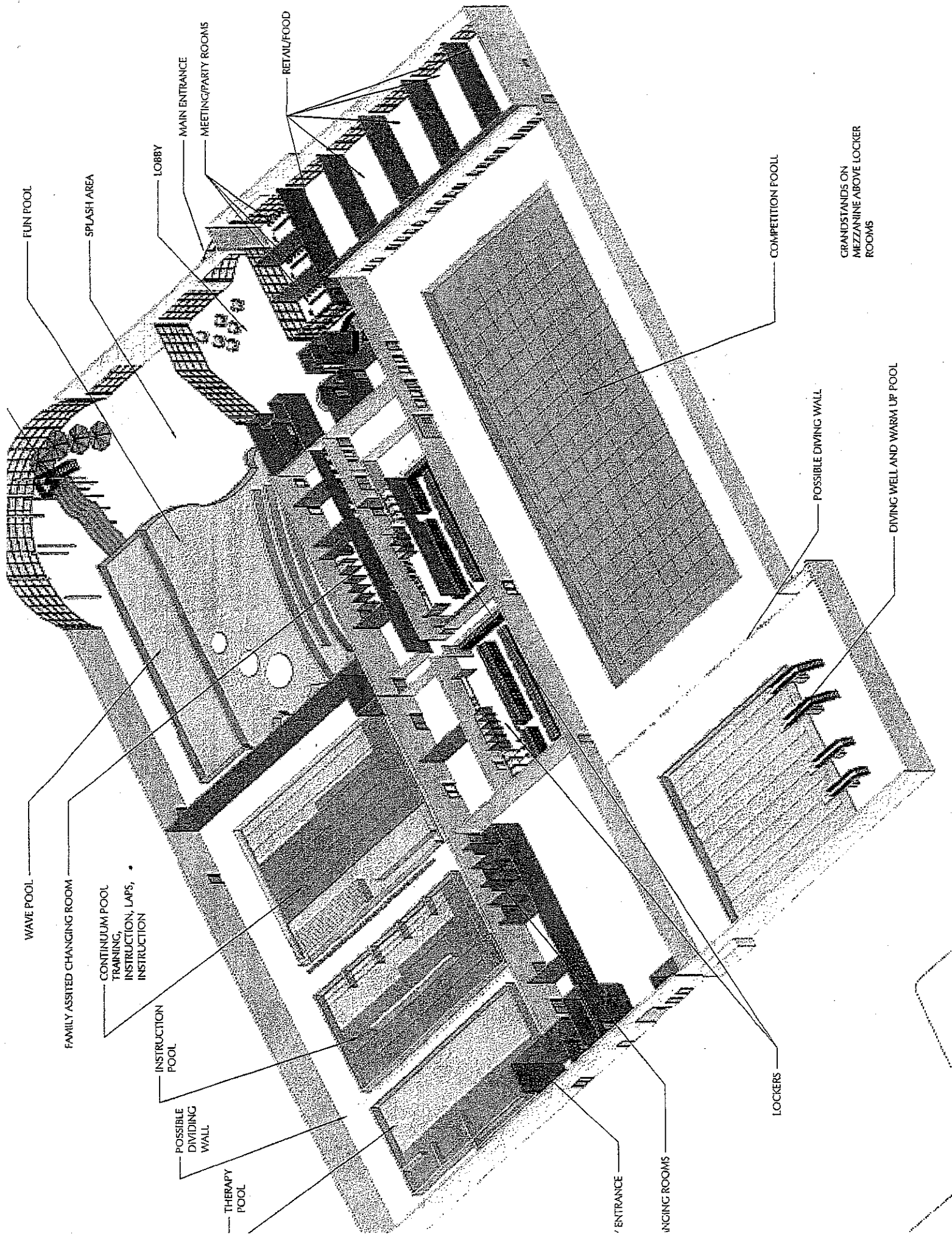
Thank you very much for our review and consideration of our plans, and we look forward to working with you further.

Sincerely,



Mike Ginsburg  
SNCA President

MAG:mrw  
cc: Board Members



FUN POOL

SPLASH AREA

LOBBY

MAIN ENTRANCE

MEETING/PARTY ROOMS

RETAIL/FOOD

WAVE POOL

FAMILY ASSISTED CHANGING ROOM

CONTINUUM POOL  
TRAINING,  
INSTRUCTION, LAPS,  
INSTRUCTION

INSTRUCTION POOL

POSSIBLE DIVING WALL

THERAPY POOL

ENTRANCE

CHANGING ROOMS

LOCKERS

COMPETITION POOL

POSSIBLE DIVING WALL

DIVING WELL AND WARM UP POOL

GRANDSTANDS ON  
MEZZANINE ABOVE LOCKER  
ROOMS